

TEXAS TRANSPORTATION COMMISSION

ALL Counties

MINUTE ORDER

Page 1 of 1

ALL Districts

The United States Congress (Congress) is in the process of developing new legislation that will govern all transportation programs. Various legislation authorizing highway, transit, aviation, rail, and maritime programs either have expired or will expire shortly and need congressional reauthorization in the immediate future. Having a set of broad principles that will guide policy discussions surrounding reauthorization bills will serve as an important tool in communicating with the Texas Congressional Delegation, federal agencies, and other transportation stakeholders.

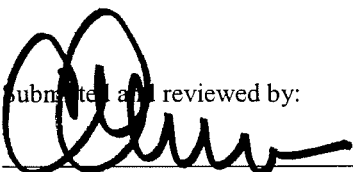
The Texas Transportation Commission (commission) previously directed the Texas Department of Transportation (department) to develop proposed federal priorities reflecting key policy objectives of the commission for members of Congress and federal agencies to consider as they debate reauthorization and implementation of federal transportation programs.

As a result of this direction from the commission, department staff reached out to both stakeholder groups and the general public in an attempt to solicit input and ideas into what principles should guide future federal transportation policy. Department staff met with various coalition groups representing all transportation modes and published a call for ideas in the *Texas Register* on October 11, 2013. The input received from these groups helped shape the policy principles. Staff gathered input from within the department as well.

Exhibit A contains a list of common policy issues and ideas stemming from these deliberations and meetings. This document is intended to serve as a tool when discussing transportation policy with members of the Texas Congressional Delegation, federal agencies, and other transportation stakeholders as legislation is developed by Congress or as new opportunities are created by federal agencies.

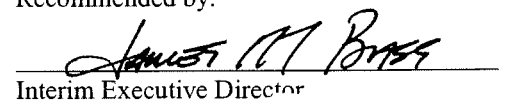
IT IS THEREFORE ORDERED by the commission that Exhibit A is approved to serve as the commission's Federal Policy Priorities Document for federal transportation programs.

Submitted and reviewed by:



Director, Federal Affairs Division

Recommended by:



Interim Executive Director

113854 FEB 27, 2014

Minute
Number

Date
Passed



Texas Transportation Commission Federal Priorities

2014

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*This report was written on behalf of the Texas Department of Transportation by
The Texas A&M Transportation Institute.*

Executive Summary

Background

Texas is a big state, encompassing 268,820 square miles, with a 2010 population of approximately 25 million. Texas is a growing state, with a projected population of almost 45 million by 2040 and a matching increase in employment. Texas is a diverse state, in geography, climate, economy, and people. Texas has a large multimodal transportation system to match its size and diversity. Freeways, roads, ferries, public transit, bicycle and pedestrian facilities, ports and waterways, passenger and freight rail, airports, and pipelines serve Texas residents and visitors. Elements of the Texas transportation system also serve as major national and international freight and trade corridors. Additional investments are needed in all modes to meet the state's projected employment and population growth, and to accommodate increasing trade with Mexico and countries throughout the world.

Funding for planning, designing, constructing, operating, and maintaining the various transportation modes in Texas comes from a variety of federal, state, local, and private sources. Federal funding, which is authorized by Congress in different modal acts, is an important part of the overall funding package. Important policy changes are included in these funding packages, often referred to as reauthorization legislation. The Moving Ahead for Progress in the 21st Century Act (MAP-21) authorized funds for highway, public transit, bicycle and pedestrian, and highway safety programs. It also provided policy direction for transportation agencies at the federal, state, metropolitan, and local levels. The Federal Aviation Administration Modernization and Reform Act of 2012 provided funding for airports and aviation programs, including general aviation airports overseen by the Texas Department of Transportation (TxDOT). The Water Resources Development Act (WRDA), currently being negotiated by the House and Senate, will authorize programs and appropriate funds for the US Army Corps of Engineers. Regular WRDA reauthorizations allow important water resource projects to receive funding, thereby maintaining and enhancing critical waterways and port projects.

Federal Priorities Development

After receiving requests from members of the Texas Congressional delegation for a list of federal transportation priorities, the Texas Transportation Commission directed TxDOT staff to solicit input from key stakeholders on issues for consideration in the reauthorization of MAP-21 and other transportation bills, with the intent of using this input to develop a set of policy priority guidelines. A similar effort had been undertaken prior to the passage of MAP-21.

A total of 20 meetings were held with representatives from various stakeholder groups in the late summer and fall of 2013. Many of the organizations sent numerous representatives to the meetings. Participants also provided follow-up information and TxDOT received correspondence from additional agencies and groups. Members of the public were also given an opportunity to comment by submitting comments directly to the department (none were received). Further, TxDOT's leaders from the Aviation, Rail, and Public Transportation divisions attended meetings and provided information on federal priorities related to those modes. TxDOT utilized the Texas A&M Transportation Institute (TTI) to assist with the stakeholder meetings and the development of this report.

The Texas Transportation Commission voted at their February 2014 meeting to adopt this document.

Common Themes

TxDOT stakeholders identified a number of federal priorities addressing all modes during the outreach meetings. While these priorities covered a wide range of topics, seven common themes emerged. These themes are adequate and reliable programs for transportation modes, increased flexibility for states and localities, protecting the intent of performance measurement, supporting freight transportation and trade corridors, modernizing formulas and addressing unintended consequences, continued streamlining of the environmental review and project development processes and pursuing intercity passenger rail opportunities. These themes became a list of policy priorities and are explored in *Chapter III*.

Organization of this Report

This report is divided into three chapters. *Chapter I* sets the stage for needed investments in the Texas transportation system. It presents an overview of demographic and employment growth projections, the state's growing economy, and the major elements currently existing in the transportation system. *Chapter II* discusses transportation initiatives in the state, including innovative financing, project delivery, and partnerships, as a way of reducing reliance on federal funding. The Commission's priorities for reauthorization coupled with supporting information from stakeholder input are presented in *Chapter III*. *Appendix A* includes the organizations participating in the stakeholder meetings and conference call, as well as the groups providing written comments. *Appendix B* presents additional priorities suggested by meeting participants and stakeholders.

Use of This Document

This report will serve as a resource to communicate the Texas Transportation Commission's federal priorities to Congress, policy makers, and officials. It will be used by TxDOT and stakeholders to help provide a coordinated approach to federal priorities to address key transportation needs in the state. It will assist in addressing critical transportation needs in the state to meet future growth.

For additional information, please contact Melissa Meyer in the TxDOT Federal Affairs Office at 202-434-0214 or Melissa.Meyer@txdot.gov.

Chapter I: **The Setting**

Texas is a big state — both in terms of geography and population. Texas is a growing state — in both people and jobs. Texas is a diverse state — in geography, climate, economy, and people. Texas has a large multimodal transportation system to match its size and diversity and additional investments in roads, transit, ports and waterways, airports and freight and passenger rail are needed to meet the state's projected employment and population growth.

Elements of the Texas transportation system also serve as major national and international freight and trade corridors. Texas has 28 international vehicle border crossings with Mexico, including 13 that accommodate commercial traffic. There are also five operating rail-only bridges. Further, Texas ports serve international markets for imports and exports. While much of the goods, produce, raw materials, and value-added manufactured products at ports and border crossings have an origin or destination in Texas, many are coming from, or going to, other areas of the country. Additional investments are needed in many of these corridors to meet the increasing truck traffic carrying goods from Mexico and ports to regions throughout the country, as well as to Canada.

This chapter sets the stage for the Commission's federal priorities presented in *Chapter III*. The projected growth in population, employment, and the overall Texas economy is described first. The elements of the state's multimodal transportation system are also highlighted.

Texas is a Growing State

Texas has a large and diverse population. According to the United State Census Bureau, six of the top 25 largest cities and two of the top five largest metro areas are in Texas. The Texas State Data Center forecasts the population of the state to increase from approximately 25 million in 2010 to 37 million by 2030 and almost 45 million by 2040. These increases mean an additional 20 million people will be living in the state in 2040. Most of this growth will occur in the urban areas encompassed in the triangle of Houston, the San Antonio-Austin area, and the Dallas-Fort Worth Metroplex. Population growth is also forecast for communities along the Gulf Coast and in other parts of the state. More people means more vehicles on highways and roadways, more transit riders, and more bicyclists and pedestrians. More people also means more demand for the production of goods, which in turn means more trucks delivering goods, more demand for imports, which means more container shipments coming into Texas ports. A more diverse population means more demand for all types of transportation, including transit and non-motorized modes.

Texas has a diverse and growing economy. With slightly over 11 million workers, the Texas economy is strong. According to the Texas Comptroller of Public Accounts, Texas added jobs in all of the 11 major industry classifications in 2013. As of August 2013, Texas had been at or below the national unemployment rate for 80 consecutive months. The oil and natural gas sector industries, business and professional services, leisure and hospitality sector, and the trade, transportation, and utilities sectors, lead the state's employment growth. In addition, sales tax collections and building permits

issued over the past year point to a robust economy. Tourism, recreation, and eco-tourism also continue to grow.

Texas Multimodal Transportation System

Texas has an extensive multimodal transportation system, facilitating the movement of people and goods. Elements of this system include highways, roads, bridges, toll facilities, ferries, public transit, ports and waterways, rail, and aviation. Capital and operating investments continue to be needed in all these modes to meet the future demands of a growing state economy, a larger and more diverse population, and an increase in freight shipments to and through the state.



The state-maintained roadway system in Texas includes the Interstate Highways (I), Interstate frontage roads, U.S. Highways, State Highways (SH), Farm-to-Market (FM) and Ranch-to-Market (RM) Roads, and park and recreation roads. The Interstate System includes I-27, I-35, I-37, I-45, I-10, I-20, I-30, I-40, I-410, I-610, I-635 and I-820. In 2011, there were approximately 3,237 centerline miles and 15,265 lane miles of Interstates and 12,200 centerline miles and 36,218 lane miles of U.S. Highways in the

state. State Highways accounted for 16,363 centerline miles, FM and RM roads totaled 40,935 centerline miles, and pass, park, and recreation roads equaled 339 centerline miles. Frontage roads accounted for 7,257 centerline miles. In addition, there are approximately 85,551 centerline miles of city streets and 146,305 centerline miles of certified county roads in the state. Texas also has 52,227 on-and-off system bridges, the most of any state in the country.



I-69 is a proposed national interstate extending from Texas to Michigan. The proposed route of I-69 in Texas will include existing highways as much as possible. These highways include US 59, US 77, US 84, US 281, and SH 44. The Port-to-Plains corridor stretches from Laredo to Alberta, Canada. It was designated a federal High Priority Corridor in 1998 to facilitate the efficient movement of goods from Mexico through Texas, Oklahoma, New Mexico, Colorado, and the Upper Great Plains and Canada. The proposed route in Texas follows US 83, US 277, I-27, and US 287/87. Improvements are being made to sections of the corridor as funding is available.

Toll roads are also an important element of the transportation system in Texas, especially in major metropolitan areas. The Harris County Toll Road Authority (HCTRA) operates approximately 120 miles of toll roads in the Houston/Harris County area and 12 miles in the Houston/Fort Bend County area. These facilities include the Sam Houston Tollway, the Westpark Tollway, the Hardy Toll Road, and the Katy Managed Lanes. The North Texas Tollway Authority (NTTA) operates approximately 90 miles of toll facilities in the Dallas-Fort Worth Metroplex, including the Dallas North Tollway, President George

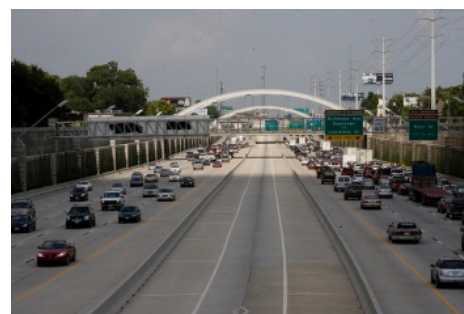


Bush Turnpike, Addison Airport Toll Tunnel, Mountain Creek Lake Bridge, Sam Rayburn Tollway, and Lewisville Lake Toll Bridge. Toll facilities in the Austin area are operated by both the TxDOT Texas Turnpike Authority and the Central Texas Regional Mobility Authority (CTRMA). These facilities include 183A, Loop 1 Extension, SH 45 North, SH 45 Southeast, and SH 130. TxDOT also operates the Loop 49 Toll Road in Tyler and the Camino Colombia or State Highway 255 Toll Road in Laredo. Additional toll projects are in various states of planning, design, and construction.

Public transportation provides mobility and travel options to residents and visitors in major metropolitan areas, smaller cities, and rural areas throughout the state. The Metropolitan Transit Authorities



in Austin, Corpus Christi, Dallas, Denton-Denton County, Fort Worth, Houston, El Paso, and San Antonio operate a mix of bus, rail, and paratransit service. Light rail transit is in operation in Dallas and Houston.



Commuter rail service is in operation in Austin and in the Dallas-Fort Worth Metroplex with the Trinity Express between Dallas and Fort Worth, and the A-Train, linking Denton and Dallas. Houston and the Dallas areas have extensive networks of high-occupancy vehicle lanes serving buses, vanpools, and carpools. In addition, there are 30 urban transit systems and 39 rural transit systems in the state. Amtrak's Texas Eagle (Chicago-Los Angeles), Sunset Limited (New Orleans-Los Angeles), and Heartland

Flyer (Fort Worth-Oklahoma City) provide passenger rail service in the state. Studies are underway examining the potential for high-speed rail in the state. TxDOT anticipates that expanded passenger rail service will provide a future solution to help Texas meet the growing transportation needs and will work with federal, state, local and private sector partners to seek practical opportunities to develop those rail solutions.



TxDOT operates the Port Aransas and the Galveston-Port Bolivar ferries. The Galveston-Port Bolivar ferry links Galveston Island and the Bolivar Peninsula. The Port Aransas ferry crosses the Corpus Christi Channel, linking Aransas Pass on the main-land with Port Aransas on Mustang Island. Both ferries carry vehicles and passengers. Approximately 8 million passengers are carried annually on the two routes, which operate 24 hours a day, 365 days a year, weather permitting.

Texas ports and the Gulf Intracoastal Waterway (GIWW) are important economic engines for the state and the nation. Texas ports rank first nationally in goods exports and waterborne commerce, handling approximately 564 million tons of foreign and domestic cargo annually. Texas ports account

for approximately 19 percent of U.S. port tonnage, and four ports — Houston, Corpus Christi, Beaumont, and Texas City — are in the top 10 ports in the country. Agricultural produce, petrochemical products, value-added manufacturing, coal, and other commodities are exported through Texas ports, while all types of consumer goods and electronic products, automobiles, and other commodities are imported through the ports and distributed throughout the state and region. The Texas ports create nearly 1.4 million jobs and generate over \$82 billion in personal income annually. The maritime cargo activity at the public marine terminals in Texas generated \$277.6 billion in economic activity to the state in 2011. A total of \$2.4 billion of direct, induced, and indirect state and local taxes were generated by maritime activity at the public and private port terminals in Texas.

Texas ports complement, rather than compete, with each other. Although the petroleum, petrochemical, and agricultural sectors form the base for many ports, the various ports tend to serve different functions, markets, and niches. For example, the Port of Houston handles approximately 65-75 percent of Gulf container traffic, the Port of Beaumont is the primary port in the country for the shipment of military cargo, the Port of Victoria serves primarily barge traffic, the Port of Texas City handles primarily liquid products, and tenants at the Port of Brownsville are leaders in constructing offshore oil rigs. The ports offer unique benefits, present varying opportunities, and have distinct landside transportation needs.



The GIWW is part of the nation's Inland Maritime Transportation System. The GIWW is 107 years old and spans over 1,000 miles from Brownsville, Texas, to St. Markso, Florida. The GIWW includes 423 miles in Texas. It connects Texas ports and links them with ports in Louisiana, Mississippi, Alabama, and Florida. The GIWW provides a key link for Texas waterborne freight. Texas accounts for approximately 63 percent of the traffic on the GIWW. In 2010, approximately 73 million tons of cargo, valued at \$28 billion, was transported on the GIWW in Texas. Approximately 87 percent of

this cargo was petroleum or petrochemical products. The GIWW is the nation's third busiest inland waterway, behind the Mississippi River and the Ohio River.



The freight rail network in Texas includes rail lines, intermodal facilities, and other elements. Three Class I railroads operate in Texas —the Burlington Northern Santa Fe (BNSF) Railway, Union Pacific (UP), and Kansas City Southern (KCS). BNSF and UP operate over 93 percent of the Class I track mileage in the state. Additional short line railroads, dedicated switching railroads, and on-site port railroads operate in the state. TxDOT owns the South Orient Railroad (SORR), which was purchased in 2001. The SORR extends 391 miles from San Angelo/Junction in Coleman County to Presidio at

the Texas/Mexico border. TxDOT leases the operation of the SORR to Texas Pacifico, a subsidiary of Grupo Mexico. Major improvements have been made in the SORR, which serves oil, natural gas, and other industries in West Texas. The intermodal facilities and hubs in the Houston area and the

Dallas-Fort Worth Metroplex serve not only Texas ports, but ports in other parts of the country, and play important roles in the U.S. rail system.

Aviation is an important element of the Texas transportation system. Texas has 294 airports, including 27 Commercial Services and 267 General Aviation airports. Dallas-Fort Worth International



Airport and Houston Bush Intercontinental Airport ranked fifth and twelfth, respectively, in total passenger boardings in 2012. Commercial Services airports provide important links in the international movement of high-value freight. The 267 General Aviation airports include 67 Business/Corporate airports, 108 Community Service airports, and 68 Basic Service airports. These airports serve business and leisure travelers, as well as agricultural activities.

Chapter II: **Transportation Initiatives in Texas**

The federal/state partnership has been critical in the development of the transportation system in Texas. Federal funding for the Interstate System, state highways, public transit services, ports, the GIWW, and aviation have fueled growth in the state. In response to changing needs, federal transportation programs have expanded to cover more modes and types of projects over the years, but have also become more complicated, with more requirements and restrictions. It has also been more difficult for Congress to reach agreement on programs and funding levels, as noted by the prior extensions of the aviation and surface transportation acts.

Texas has been active in addressing changes and uncertainties in federal funding for transportation. There is a realization that funding beyond the traditional federal, state, and local sources will be needed to meet the transportation needs of a growing state. As highlighted in this chapter, the Texas Legislature, TxDOT, and public and private stakeholders are using numerous innovative methods to finance, build, operate, and maintain different elements of the transportation system.

- **Comprehensive Development Agreements (CDAs).** One type of public/private partnership (P3 or PPP) is a CDA, which allows a private company to perform different combinations of designing, financing, constructing, operating, and maintaining transportation facilities. This approach allows public agencies to share costs with the private sector. Examples of CDA projects in Texas include segments Five and Six of SH 130 in the Austin-San Antonio area and the North Tarrant Express, LBJ I-635 project, and the DFW Connector in the Dallas-Fort Worth Metroplex.
- **Pass Through Financing.** In this approach, a toll operator agrees to build and operate a facility in exchange for “toll payments” from a public agency. These payments are typically made on a per vehicle basis, but are collected from a public entity rather than the road users. Financing can come from multiple sources, such as the highway fund, tax increment financing, or other local dedicated taxes or fees.
- **Proposition Bonds.** A proposition bond amendment is the approval of a pre-determined amount of bonds that can be issued by a commission or department for project financing. These bonds are made as general obligations of the State of Texas and are paid with first order appropriations in the event that the bond is outstanding or unpaid. In 2003, the Texas Legislature authorized Proposition 14, granting the Transportation Commission authority to authorize TxDOT to issue \$3 billion in bonds backed by the State Highway Fund. The 80th Texas Legislature increased the bonding capacity to \$6 billion with a maximum annual issuance of \$1.5 billion. A portion of the funding must be allocated to safety projects. Proposition 12 authorized \$5 billion in bonds to be issued by the Transportation Commission. Funds collected from these bonds were distributed to TxDOT and MPOs for use in reducing highway congestion, improving transportation between metropolitan areas, and restoring bridges around the state. Examples of projects funded with proposition bonds include the Dallas Horseshoe, I-35 in Waco, and Loop 375 in El Paso.

- **Private Activity Bonds (PABs).** The use of PABs allows for tax-exempt financing on projects performed by or with the private sector. The PABs subsidize projects by effectively lowering the interest paid on borrowed money, which provides savings and reduces risks. PABs were used on the I-635 managed lanes project and the North Tarrant Express projects in the Dallas-Fort Worth Metroplex.
- **Transportation Reinvestment Zones (TRZs).** TRZs represent one method of tax increment financing. TRZs are a tool for generating funding by capturing and leveraging the economic growth that results from a transportation project. A TRZ allows a county to designate a geographic area around a proposed transportation project and capture the incremental property tax revenue generated in the area for use in funding the development of that project. Limited use of TRZs was initially authorized by the Texas Legislature in 2007. Legislation in 2011 expanded the types of eligible projects, and in 2013 port projects were added to the eligibility criteria.
- **Rural Rail Transportation Districts (RRTDs).** Legislation in Texas allows a single county or multiple counties acting together to form a RRTD to prevent the loss of rural rail lines that have been abandoned by railroads, or to maintain the former rail right-of-way for future transportation uses. As of June 2013, there were 42 RRTDs in the state. A total of 28 RRTDs involve a single county and 14 are multi-county RRTDs. Further, a total of 95 counties in the state are participating in a single RRTD or in multiple RRTDs.
- **Regional Mobility Authorities (RMAs).** Legislation in Texas allows one or more counties to form an RMA for the purpose of constructing, maintaining, and operating transportation projects in a region of the state. The Transportation Commission and the commissioner's court of each county within an RMA must approve the formation of the authority. The six RMAs in the state are undertaking a wide range of projects. As an example, CTRMA operates the 11.6 mile 183A toll road in the Austin area and has opened some segments of the Manor Expressway with other segments under construction.

Chapter III: Texas Transportation Commission Federal Priorities

When tackling the development of concepts and policies for the next reauthorization bill, TxDOT staff decided to broaden the scope and look at the needs of all the modes the department serves. While previous policy documents were highway centric, the feeling was that the department and its stakeholders would be better served by taking a broader look at all modes.

It was also important to hear directly from transportation stakeholder groups what their priorities are. Staff received feedback from twenty groups representing the different modes and regions of the state. Their input helped shape this document.

After hearing from stakeholders and discussing the issues with TxDOT staff, six common themes emerged. These themes are adequate and reliable funding for all transportation modes, increased flexibility, protecting the intent of performance measurements policies and performance measurement, continued focus on freight transportation and trade corridors, modernizing formulas and addressing unintended consequences, and continued streamlining of the environmental review and project development processes. The Commission also wished to express their support for intercity passenger rail so a seventh priority encouraging private sector investment in these projects was added. Each of these themes is summarized in this chapter and specific examples provided by stakeholder groups are highlighted.

The Texas Transportation Commission offers the following priorities for consideration in future reauthorization legislation.

Priority 1:

ADEQUATE, RELIABLE, LONG TERM PROGRAMS FOR TRANSPORTATION MODES

Providing adequate and reliable funding for all transportation modes is vital to the efficient movement of goods and people. Congress should work toward a long-term solution to the transportation funding crisis and supplement revenue with expanded financing options. The next surface transportation reauthorization bill should return to the tradition of providing authorization and funding for five to six years to ensure states can plan appropriately for large scale, multi-year projects.

Some Specific Ideas

- Under no circumstances should the state's rate of return slip backward.
- All options to stabilize the Highway Trust Fund should be part of the discussion, including: increasing the fuel tax, linking the fuel tax to inflation, moving toward a mileage-based user fee, tolling new facilities, and other credible options that may surface during the course of debate.
- Expand the Transportation Development Credits program to cover intercity passenger rail projects.

- Size funding levels for the Transportation Infrastructure Finance and Innovation Act (TIFIA) program to meet demand. Ensure US DOT is following Congressional intent when implementing changes outlined in MAP-21, including allowing a project sponsor to borrow up to 49% of eligible costs, streamlining the Letter of Intent phase, and adhering to review deadlines. Expand eligibility to cover a grouping of projects versus individual projects only.
- Utilize the Harbor Maintenance Trust Fund to its maximum authority for dredging and maintenance.
- Maintain federal funding for the Federal Contract Tower Program and state apportionments for general aviation airports.
- Continue the Transportation Investment Generating Economic Recovery (TIGER) program.
- Restructure the Railroad Rehabilitation and Improvement Financing program to make it more accessible.
- Right-size the Private Activity Bond (PABs) program by increasing or eliminating the current \$15 billion cap.

Texas Can Put These to Work

Texas is a leader in using innovative financing to stretch limited gas tax dollars and has been the recipient of over \$3.4 billion in TIFIA credit assistance and \$1.2 billion in PABs. Right-sized and robust TIFIA and PABs programs are crucial to completing both highway and transit projects that otherwise might be delayed or deferred because of size, complexity, or uncertainty over the timing of revenues. Texas has successfully utilized TIFIA on major highway projects in the Dallas-Fort Worth, Houston and Austin areas and Dallas Area Rapid Transit recently received a loan to extend a light rail line to the DFW Airport.

Transportation Development Credits (TDCs) are earned when non-federal money is spent to build or improve a toll project. In recent years the Commission has awarded credits for projects in both rural and urban areas to cover things such as transit fleet replacement and expansion, and maintenance facilities and projects that support coordination of public transportation efforts. The public transportation industry in Texas continues to struggle to meet funding needs partly due to demographics and the sheer size of the state. Being able to use TDCs to cover construction and maintenance of passenger rail projects would provide additional options.

Since its inception 30 years ago, the Federal Contract Tower Program has been successful in providing low-cost air traffic control services at airports that otherwise would not have received these services, increasing the level of safety at these airports for pilots, passengers and the surrounding local communities. Despite the proven cost effectiveness of the program and the safety measures it provides, the contract tower program was slated for cuts under sequestration. Texas has 23 airports that participate in this program, 14 of which would have lost federal funding in the cuts. US DOT should ensure the program remains whole to preserve the safety of air travel.

Priority 2:

FLEXIBILITY IS KEY TO SUCCESS

Enhancing flexibility is key to state and local governments successfully addressing critical needs. MAP-21 provides new flexibility in the use of federal funds within different programs. Congress should expand the types of projects eligible for funding within programs and increase flexibility among programs to allow for the co-mingling of funds for projects that cross program lines. Providing flexibility in design requirements to better accommodate local needs and conditions is also encouraged. States are proving they can reliably handle duties traditionally exercised by the federal government. Serious consideration should be given to putting more direct authority in the hands of states and regions willing to take on extra responsibilities.

Some Specific Ideas

- Increase flexibility for Congestion Mitigation and Air Quality Improvement (CMAQ) program funds.
- Provide flexibility for public private partnerships and tolling programs.
- Protect MAP-21's reduction of funding categories.
- Allow for flexibility within different toll operating protocols in order to achieve toll interoperability.
- Provide greater flexibility in design and designation requirements for projects, including Interstate designations, in order to take into consideration local needs and conditions.
- Create a framework that brings funding and decision authority directly to willing states and with maximum flexibility.

Texas Can Put These to Work

Completing I-69 through Texas is a major, ongoing initiative. We've succeeded in upgrading 190 miles which are at or very close to interstate highway standards and we are diligently working on completing the approximately 790 miles remaining. However, allowing regulatory flexibility could speed interstate completion. When a route such as I-69 spans a large and geographically diverse area (approximately 1,000 miles in Texas alone), states should be given flexibility when upgrading existing roads to interstate standards. When taking into account population and regional needs, allowing for exceptions or exemptions to certain requirements makes sense. Long stretches of the I-69 routes in South Texas run through very sparsely populated counties. Upgrading US 281 and US 77 through ranches, including the Kenedy Ranch, the East Ranch, the Armstrong Ranch and the King Ranch to conventional interstate standards would require improvements like controlled access and frontage roads which aren't justified when looking at traffic counts, seldom-used ranch gates or the commitment of the adjacent landowners to preserve ranch integrity. Allowing some flexibility in the design standards would save time and money for states and localities upgrading existing roads to interstate standards without compromising the safety and mobility functions of the interstate system.

One proposed expanded use for CMAQ funds would be to apply those funds to dredging ports and waterways. Increasing goods movement by barge and ship would reduce truck traffic and corresponding

air pollutants. Another suggestion would be to use CMAQ money to reduce border wait times by building and maintaining additional inspection stations, thus reducing truck idling.

Priority 3:

PROTECT THE INTENT OF PERFORMANCE MEASUREMENT

MAP-21 represents a transition to a performance and outcome-based surface transportation program. Congress should continue to promote working partnerships with states, MPOs and local groups in the development and application of performance measures. Measures should be reasonable and based on conditions that influence system performance and should not impact future funding decisions. The process should also allow for reassessment and improvement of measures and targets over time.

Some Specific Ideas

- The federal rules for the calculation and reporting of national performance measures should be flexible enough to allow the use of data that are within an organization's ability to produce.
- Measures should allow for the diversity of conditions among areas and not lead to unfair competition between states and metropolitan areas.
- Performance measurements should be based on trends over time versus year by year.
- The measurement development process should incorporate existing public involvement efforts at the state and local levels.
- Federal rules and requirements developed in the performance measurement process should only apply to federally funded programs.
- The Federal government should provide additional resources to assist with implementation of performance measure development and reporting.
- The Federal program should carefully consider the timing of yet-to-be-developed metrics and their impact on future project development.

Priority 4:

SUPPORT EFFICIENT FREIGHT MOVEMENT AND TRADE CORRIDORS

A strong freight transportation system is key to global competitiveness. Congress should continue to focus on critical freight and trade-related corridors.

Some Specific Ideas

- Bring new funds to the freight challenge. Do not simply subdivide current highway program funding.

- Consider policies that expedite the movement of freight and passenger vehicles at the Texas-Mexico border.
- Provide more efficient long-haul freight connections between origins and destinations.
- Establish rural and regional freight corridors.
- Provide new funding to eliminate railroad at-grade crossings in congested areas.
- Dredge and maintain ports and waterways, including the Gulf Intracoastal Waterway, to their authorized depths.
- Recognize the importance of inland ports.
- Prioritize dollars for international trade corridors.

Texas Can Put These to Work

Texas is ready for freight. Recognizing that freight transportation is driven by the private sector, and requires a mix of public and private stakeholders, the Texas Freight Advisory Committee was formed to advise on freight issues, priorities, projects and funding needs for freight improvements, and elevate freight transportation as a critical component of the state's economic vitality and competitiveness. Using the input from this group, TxDOT is developing a statewide freight plan which will better incorporate freight into policy, planning, programming, and implementation activities.

Maintaining and improving transportation infrastructure is essential to the long-term health of the Texas economy and this is especially true with respect to our border region. Border commerce plays an important role in the economic prosperity of our state and nation as a whole. Prioritizing funding for international freight corridors will ensure goods are moved efficiently both to and from the border, through Texas and into the rest of the country.

Texas ports are connected to one another and to the rest of the US inland waterway system by the Gulf Intracoastal Waterway (GIWW). It is the third busiest inland waterway, moving 73 million tons of cargo in 2010. Cargo carried on the GIWW reduces congestion on the highways and rail systems, decreasing maintenance costs and extending the life of these systems. The GIWW is authorized to be dredged at a depth of 12 feet but currently averages a nine foot depth. Providing funding to dredge to the full 12 feet will improve cargo movement along this important corridor.

Upgrading or eliminating at-grade rail crossings in congested areas would significantly improve passenger and cargo vehicle movement but funding for these types of improvements is limited. In the city of Houston alone there are more than 700 at grade rail crossings and this large number presents a huge safety risk in terms of the potential for accidents. Often these trains are carrying hazardous material, which only increases the risk of potentially deadly incidents. Providing dedicated funding for improvements could measurably improve congestion and safety surrounding these crossings.

Priority 5:

MODERNIZE FORMULAS AND ADDRESS UNINTENDED CONSEQUENCES

Formula changes in recent legislation have resulted in unintended consequences and negative financial impacts on many transportation groups, including MPOs, transit agencies and general aviation airports. Congress should modernize programs and funding formulas to address transportation needs in all parts of the country, including urbanized and non-urbanized areas, metropolitan areas experiencing rapid job and population growth, as well as areas with changes to population demographics. Increased flexibility at the local level to address the challenges of growth and unintended consequences is needed.

Note: These are complicated issues that affect Texas stakeholder groups differently. TxDOT will not proceed with these ideas until staff is satisfied an adequate level of consensus exists.

Some Specific Ideas

- Allow transit systems serving urbanized areas and operating 100 buses or less, in any mode, to access urbanized area apportionments to offset operating expenses based on local decision making.
- Increase and revise Bus and Bus Facilities funding to better address non-urban and urbanized area bus system needs with a combination of population share based formula funding and discretionary program funding.
- Utilize 2010 Census numbers in apportioning all funds.
- Encourage HOV investments by restoring HOV lane mileage to the definition of Fixed Guideways, adding HOV lanes to the definition of Bus Rapid Transit (BRT), and including HOV mileage in Section 5307 Urban Area Formula apportionments.
- Allow Texas the authority to distribute aviation non-primary entitlement (NPE) grant funds in the same manner as the distribution of state apportionment airport improvement program funds.

Texas Can Put These to Work

Texas is already putting state funds to work to help mitigate some of the impacts and unintended consequences of growth, as reflected in the 2010 Census results. Using research to identify probable growth outcomes, and then increasing state funds to address those outcomes allowed Texas to remedy funding impacts on proportional share-based funding formulas and changes in area designations triggered by the 2010 Census. Growth continues to place unique pressures on traditional systems and flexibility is needed at the local level to address these situations with a combination of local and federal funds.

Between 2009 and 2013 Texas worked collaboratively with the transit industry, to invest over \$41 million in federal discretionary program and Recovery Act funding on rural program fleet replacement, restoring a state-wide rural fleet total of almost 1500 buses to a state of good repair. A strong partnership with the industry exists to facilitate consensus around a program combining year-to-year formula amounts with discretionary program opportunities.

Texas is one of ten FAA block grant states, allowing TxDOT to oversee the distribution of \$150,000 per airport in NPE grant funds annually to certain non-primary commercial service, reliever and general aviation airports. Due to the small dollar amount granted annually, in most instances, NPE grants must be banked for a period of years to provide adequate funding for most airport improvement projects. Additionally, NPE grants expire after three years following the year of the award, limiting the amount of time an airport can accrue sufficient grant money to fund a project. Current law allows an airport to transfer the funds to another airport; however, unused funds are usually held by the airport until just prior to expiration, in many instances allowing funds to go unutilized for three years or more. Currently in Texas, there are approximately \$54 million in unused NPE funds being held pending development of a viable project or transfer to another airport. Allowing TxDOT the authority to administer NPE funds in the same manner as state apportionment funds would mean distributing funds to airports with current, pressing needs while guaranteeing funding will be available for other future needs.

Priority 6:

CONTINUE STREAMLINING THE ENVIRONMENTAL AND PROJECT DELIVERY PROCESS

MAP-21 focused on improving efficiency through the planning and environmental review processes. Congress should continue to streamline these processes with a focus on expedited project delivery.

Some Specific Ideas

- Expand on MAP-21 streamlining provisions in the next reauthorization bill.
- Ensure US DOT is implementing MAP-21 streamlining provisions according to Congressional intent.
- Expand categorical exclusions to include rail projects in existing right of way, mirroring changes made in MAP-21 for highway projects.
- Expand on the “Everyday Counts” initiatives.
- Reduce the federal burden that often accompanies the environmental approvals process.
- Expand streamlining improvements beyond US DOT to other federal resource agencies, including US Fish and Wildlife, US Army Corps of Engineers and the US Environmental Protection Agency.

Texas Can Put These to Work

Texas has taken a significant step in implementing the environmental streamlining provisions of MAP-21 by seeking to assume responsibility for environmental reviews under the National Environmental Policy Act (NEPA). Once the required paperwork has been completed with US DOT, Texas will become only the second state in the nation to assume NEPA responsibilities. Texas is appreciative of the expanded options states have to speed project delivery and we intend to fully utilize all these new provisions. We expect to realize significant time and financial savings because of the streamlining changes.

Further improvements could be made by expanding NEPA delegation beyond environmental reviews currently approved by FHWA to those overseen by US Fish and Wildlife and the US Army Corps of Engineers. Reducing the time authorized for filing lawsuits on environmental documents or providing for binding arbitration to be invoked at the option of any party to the dispute would further speed the process.

Priority 7:

ENCOURAGE PRIVATE SECTOR INVESTMENT IN INTERCITY PASSENGER RAIL

Expanded passenger rail service will provide an option to help Texas meet its growing transportation needs. Intercity passenger rail projects in Texas will be accomplished through private initiatives where TxDOT and the Commission evaluate the feasibility and facilitate private developers through the various governmental and regulatory process required by Federal Railroad Administration (FRA) for service. Congress should avoid placing obstacles in the way of private sector ventures and help streamline the environmental, vehicle certification, and assessment process.

Some Specific Ideas

- While the private sector should assume direct construction costs, maintaining federal grant funding for planning and environmental studies, station improvements and providing connectivity to other modes is appropriate.
- Nurture public-private partnerships to provide passenger service in high traffic corridors.
- Utilize existing rail and highway rights-of-way when constructing new rail lines. Any construction in new rights-of-way should not limit access to private property.

Texas Can Put These to Work

TxDOT is currently overseeing two studies examining the feasibility of connecting major metropolitan areas in Oklahoma, Texas and Mexico via new passenger rail service. These studies will describe the viability of various passenger rail services in and thru Texas and the potential for private sector investment.

In 2011, TxDOT was awarded a \$15 million grant for preliminary engineering and environmental studies necessary to develop a core-express service passenger rail line (minimum top speed of 150 mph) between Dallas/Fort Worth and Houston. TxDOT has worked with FRA to examine how best to integrate private efforts along the corridor and to further develop the business case for this service. FRA has allowed TxDOT to work alongside Texas Central High-Speed Railway in preparing the environmental documents to avoid duplicating the work. Estimated completion of environmental

studies is 2017. A public-private partnership is the appropriate vehicle to implement this project for the final design, construction, maintenance and operations.

In 2012, TxDOT began a study to determine the feasibility of developing new passenger rail service from Oklahoma City, OK to south Texas through Dallas/Fort Worth, Austin and San Antonio to either Laredo or the Rio Grande Valley. With a scheduled completion date of December 2014, initial data gathering has been completed and a list of alternative routes has been developed and approved by FRA. The study will determine which level of service would work best for the corridor (true high-speed, higher speed or regional/ conventional type service). TxDOT recently requested additional funds to study extending the rail line from south Texas to Monterrey, Mexico. There is significant travel between Monterrey, south Texas and San Antonio and extending the line into Mexico could allow for a true high speed line to be viable.

Appendix A

Participating Stakeholders

The meetings with stakeholders are listed in alphabetical order in this Appendix. The representatives participating in the meeting are also provided. This list simply represents the organizations and individuals that were consulted and given the opportunity to comment on the drafting of this document and neither suggests nor implies that they support the recommendations.

Meeting	Representatives
Alliance for I-69 Texas Board	Alliance of I-69 Texas
Association for Community Transit	Capital Area Rural Transportation System Brazos Transit District
Association of Texas Metropolitan Planning Organization (TEMPO)	Houston-Galveston Area Council North Central Texas Council of Governments Waco Metropolitan Planning Organization Corpus Christi Metropolitan Planning Organization Longview Metropolitan Planning Organization Bryan/College Station Metropolitan Planning Organization Capital Area Metropolitan Planning Organization
Border Transportation Stakeholder Meeting	City of San Antonio City of McAllen City of El Paso Border Trade Advisory Committee
Corpus Christi Stakeholder Meeting	Corpus Christi Black Chamber Corpus Christi Regional Transit Authority Corpus Christi MPO City of Corpus Christi Port of Corpus Christi City of Gregory Texas State Independent Living Council

Meeting	Representatives
Gulf Coast Rail District	Gulf Coast Rail District
Lone Star Rail District	Lone Star Rail District
Ports-to-Plains Alliance	Ports-to-Plains Alliance
Regional Mobility Authorities (RMAs)/Toll Authorities	Alamo RMA Central Texas RMA Harris County and Harris County Toll Road Authority North Texas Toll Authority Cameron County RMA North East Texas RMA Grayson County RMA Hidalgo County RMA
San Antonio Stakeholder Meeting	San Antonio Chamber of Commerce Bexar County San Antonio-Bexar County Metropolitan Planning Organization San Antonio Mobility Coalition City of San Antonio VIA Metropolitan Transit Authority
State Elected Official Stakeholders	Speaker Straus' Office Representative Larry Phillips' Office (Chair House Transportation Committee) Governor Perry's Office Lt. Governor Dewhurst's Office Senator Williams' Office
Texas Association of Business	Texas Association of Businesses
Texas Association of Counties	Texas Association of Counties
Texas Freight Advisory Committee	Harris County Cameron County Union Pacific Railroad Hillwood Properties Office of Governor Rick Perry

Meeting	Representatives
	<p>Texas Farm Bureau</p> <p>Texas Motor Transportation Association</p> <p>BNSF Railway</p> <p>East Harris County Manufacturing Association</p> <p>Port of Corpus Christi Authority</p> <p>Gulf Winds International, Inc.</p> <p>Texas Economic Development Council</p> <p>Trinity Industries, Inc.</p> <p>McAllen-Hidalgo and Anzalduas International Bridges</p> <p>Port of Houston Authority</p> <p>McLane Global Logistics</p> <p>Border Trade Alliance</p> <p>Kansas City Southern Railroad</p> <p>Texas International Freight</p> <p>Texas Retail Association</p> <p>Dallas County</p> <p>Tecma Group of Companies</p>
Texas Motor Transportation Association	Texas Motor Transportation Association

Meeting	Representatives
Texas Municipal League (TML)	Texas Municipal League Capital Area Metropolitan Planning Organization City of Houston City of Fort Worth City of McAllen City of Denton City of El Paso City of Sweetwater City of Plano City of Corpus Christi City of Nacogdoches Hill County Partners/City of Arlington City of Sugar Land City of San Antonio City of Austin
Texas Rail Advocates	Texas Rail Advocates
Texas Transit Association	Texas Transit Association Southwest Transit Association Capital Metropolitan Transit Authority
Texas Travel Industry Association	Texas Travel Industry Association

Correspondence was received from the Austin-San Antonio Corridor Council, Coastal Bend Center for Independent Living, and Fort Bend County Judge Robert Hebert. An announcement was placed in the Texas Register offering the general public an opportunity to comment directly to the department. No public comments were received.

Appendix B

Additional Comments from Stakeholders

This appendix summarizes the additional federal priorities suggested by participants in the stakeholder meetings and follow-up correspondence.

- Establishing a flexible National Infrastructure Bank was suggested by some stakeholders.
- MAP-21 established the new State of Good Repair Grants (Section 5337) to help public transit systems maintain assets. Funding is limited to fixed guideway systems (rail, BRT, and passenger ferries), and high-intensity bus systems. As a result, only DART and Houston Metro qualify for funding.
- MAP-21 changed the Job Access and Reverse Commute (JARC) program, which is now eligible under the Section 5307 Urbanized Area Formula program and the Section 5311 Non-Urbanized Area Formula program. The urbanized area formula and non-urbanized formula for distributing funds now includes the number of low-income individuals as a factor. There is no floor or ceiling on the amount of funds that can be spent on job access and reverse commute activities under MAP-21. Job access and reverse commute activities are eligible for operating assistance. Previously, JARC was a specific program and funds were distributed by the MPOs in large urbanized areas and by the states in small urbanized areas and non-urbanized areas by a competitive process. Under MAP-21, the funds for JARC are rolled into each urbanized area's formula funding with no requirement for a competitive project selection process. The state's flexibility to award JARC projects is reduced and the funds available to the state are smaller.
- Under MAP-21, the former New Freedom program is folded into the Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities program. New Freedom activities are now eligible under Section 5310. The New Freedom program was previously a specific program and funds were distributed by the MPO in large urbanized areas and by the state in small urbanized areas and non-urbanized areas by a competitive process. Under MAP-21, the funds for New Freedom are rolled into Section 5310. The competitive selection process, which was required under the former New Freedom program, is now optional.
- Previously, the Enhanced Mobility of Seniors and Individuals with Disabilities (Section 5310), was apportioned to the state for allocation. In Texas, Section 5310 funds were allocated at the TxDOT District level based on a competitive process. Under MAP-21, Section 5310 funds are now apportioned to both states for all areas under 200,000) and large urbanized areas (over 200,000). Under MAP-21, Section 5310 funds available to the state are smaller. The competitive selection process is now optional (for the urbanized areas).
- Changes in selling transit assets were suggested by stakeholder groups. A transit asset that has served its full life should be sold when possible at full market value, with the funds

reverting back to the transit agency for reinvestment in the community's transportation needs. Currently, that is allowed according to Circular 5010.1D regarding rolling stock. There is currently a cap of \$5,000 on rolling stock that has served its useful life. Removing this cap was suggested.

- Reconsidering the mandates for Positive Train Control (PTC) was suggested by some stakeholder groups. A number of issues and consequences were identified by stakeholders. There are technology and bandwidth issues that severely impact the industry's ability to be ready in time to comply with the current requirements. The cost is severely steep and will cause transit providers and freight railroads to cut services. For these reasons, PTC mandates should be reevaluated.
- There was stakeholder support for continued funding of the federal bridge program, including the 15 percent set aside for off-system bridges. This program, and the off-system set aside should be continued in the reauthorization.